

Message Text

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PAGE 01 DUBLIN 00305 131238Z

71

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SUBJECT: OPPOSITION REACTIONS TO GOI BUDGET

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SUMMARY: THE COALITION GOVERNMENT'S NEW BUDGET (REFTEL) HAS BEEN WIDELY CRITICIZED FOR DOING TOO MUCH OR TOO LITTLE (DEPENDING ON THE VIEWPOINT) FOR IRELAND'S DEPRESSED ECONOMY, BUT THE OPPOSITION FIANNA FAIL PARTY HAS BEEN UNABLE TO MAKE MUCH POLITICAL CAPITAL OUT OF IT. THIS APPEARS TO BE DUE AT LEAST IN PART TO THE FACT THAT FIANNA FAIL HAS LITTLE TO OFFER IN THE WAY OF MEANINGFUL ALTERNATIVES. END SUMMARY.

1. PUBLIC STATEMENTS OF THE OPPOSITION FIANNA FAIL PARTY ABOUT THE NEW GOI BUDGET HAVE BEEN CONSISTENT WITH REMARKS WE HAVE HEARD FROM FIANNA FAIL MEMBERS IN PRIVATE. THAT IS, WHILE THE OPPOSITION (AND MUCH OF THE IRISH PUBLIC AT LARGE) IS UNHAPPY WITH MANY PROVISIONS THE NEW BUDGET ANNOUNCED JANUARY 28, VERY LITTLE IS OFFERED IN THE WAY OF CONSTRUCTIVE COUNTER-PROPOSALS. IN FACT, FIANNA FAIL ON THE EVE OF ITS ANNUAL CONVENTION HAS BEEN VERY INEFFECTIVE IN EXPLOITING FOR POLITICAL PURPOSES EITHER THE SAD STATE OF THE IRISH ECONOMY OR THE UNPOPULAR ASPECTS OF THE NEW BUDGET. IT MAY WELL BE THAT THE LABOR FINE-GAIL COALITION IN THE WAKE OF THE ENERGY CRISIS AND A DECLINING WORLD ECONOMY

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PAGE 02 DUBLIN 00305 131238Z

HAS, IN ECONOMIC TERMS, DONE AS WELL AS COULD BE EXPECTED. IT

IS LIKELY THAT FIANNA FAIL'S FAILURE TO MAKE MORE POLITICAL PROFIT FROM THE SITUATION IS DUE TO THE OPPOSITION'S INABILITY TO THINK OF BETTER ALTERNATIVES IN WHAT IS FREQUENTLY A BEWILDERING ECONOMIC SITUATION.

2. IMMEDIATELY FOLLOWING THE PRESENTATION OF THE NEW BUDGET IN THE DAIL JACK LYNCH, OPPOSITION LEADER AND FORMER PRIME MINISTER, ATTACKED IT SAYING, "AS INSTRUMENTS FOR REDUCING INFLATION AND INCREASING EMPLOYMENT, THE LAST THREE BUDGETS OF THE MINISTER FOR FINANCE WERE ABSOLUTE FAILURES, AND IT GIVES ME NO JOY TO PREDICT THAT THIS BUDGET WILL BE THE WORST OF ALL FOUR." HE THEN NOTED THAT THE GOVERNMENT'S "RECKLESS SPENDING SPREE" HAD RAISED THE DEFICIT ON THE CURRENT BUDGET FROM 5 MILLION POUNDS IN 1972-73 (UNDER A FIANNA FAIL GOVERNMENT) TO AN ESTIMATED 327 MILLION FOR 1976. LYNCH OBSERVED THAT THE NATIONAL DEBT WILL HAVE RISEN FROM 1,298 MILLION POUNDS IN 1973 TO AN ESTIMATED 3,200 MILLION AT THE END OF 1976. HE SPECIFICALLY CRITICIZED THE GOVERNMENT FOR EXCESSIVE SPENDING, INFLATION, HIGH UNEMPLOYMENT AND FAILURE TO STIMULATE INDUSTRY THROUGH FISCAL MEASURES. HOWEVER, LYNCH'S ATTACK IN GENERAL LACKED SPECIFICITY, AND A MAJOR WEAKNESS WAS ITS FAILURE TO SPELL OUT WHAT ACTIONS FIANNA FAIL MIGHT HAVE TAKEN AS ALTERNATIVES. PRIME MINISTER COSGRAVE REPLIED TO LYNCH'S REMARKS WITH AN EFFECTIVE REBUTTAL.

3. IN A SUBSEQUENT PRESS INTERVIEW CAPTIONED "STATE OF THE NATION -- AND OF THE PARTY," LYNCH TALKED ABOUT THE ECONOMY AS WELL AS ABOUT NORTHERN IRELAND, LOCAL POLITICS AND THE EEC. HIS CRITICISM OF THE COALITION'S ECONOMIC POLICIES WAS AGAIN WEAK AND LARGELY NON-SPECIFIC. HE LEVELED AT THE GOVERNMENT SUCH CHARGES AS REACTING INSTEAD OF HAVING FORWARD PLANS AND OF WRONGLY ORIENTING GOVERNMENT SPENDING. SPECIFIC CLAIMS WERE THAT THE GOVERNMENT HAD BEEN TOO SLOW IN TAKING UP A FIANNA FAIL PROPOSAL THAT THERE BE FOOD SUBSIDIES AND THAT THE OPPOSITION, IF IN POWER, WOULD ESTABLISH SOME SORT OF NATIONAL DEVELOPMENT CORPORATION. LYNCH SAID THAT THE NATION IS FACING AN ECONOMIC EMERGENCY. THE INTERVIEWER THEN ASKED LYNCH HOW IT WAS THAT, GIVEN SUCH A SITUATION, FIANNA FAIL "SEEMS TO HAVE FAILED TO MAKE ANY REAL POLITICAL CAPITAL OUT OF IT?" LYNCH REPLIED THAT THE MEDIA AND THE PUBLIC HAVE BEEN FAVORABLY DISPOSED TOWARD THE COALITION AND THAT OPPOSITION CRITICISMS OF THE GOVERNMENT THEREFORE WERE IGNORED.

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PAGE 03 DUBLIN 00305 131238Z

4. FROM BOTH PUBLISHED STATEMENTS AND PRIVATE DISCUSSIONS WE HAVE FOUND IN THE OPPOSITION AN INABILITY TO TAKE POLITICAL ADVANTAGE OF IRELAND'S MANY ECONOMIC WOES. IN FACT, THE COALITION'S BUDGET, DESPITE BEING CRITICIZED BY NEARLY ALL SECTORS OF THE ECONOMY, GIVES AN IMPRESSION OF ATTEMPTING TO KEEP THE ECONOMY AFLOAT WHILE INTRODUCING SOME SENSIBLE FINANCIAL MEASURES SUCH AS INCREASING CERTAIN TAXES. THIS LEAVES

THE GOVERNMENT IN A DEFENSIBLE POSITION, CONSIDERING
WELL-KNOWN AND WIDELY ACCEPTED ECONOMIC REALITIES, AND LEAVES
FIANNA FAIL WITH LITTLE AMMUNITION. THE FIANNA FAIL ANNUAL
CONVENTION BEGINS FEBRUARY 13, AND IT SHOULD BE INTERESTING
TO SEE WHETHER THE OPPOSITION CAN GENERATE MORE MEANINGFUL
RHETORIC IN THE ECONOMIC SPHERE.
CURLEY

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